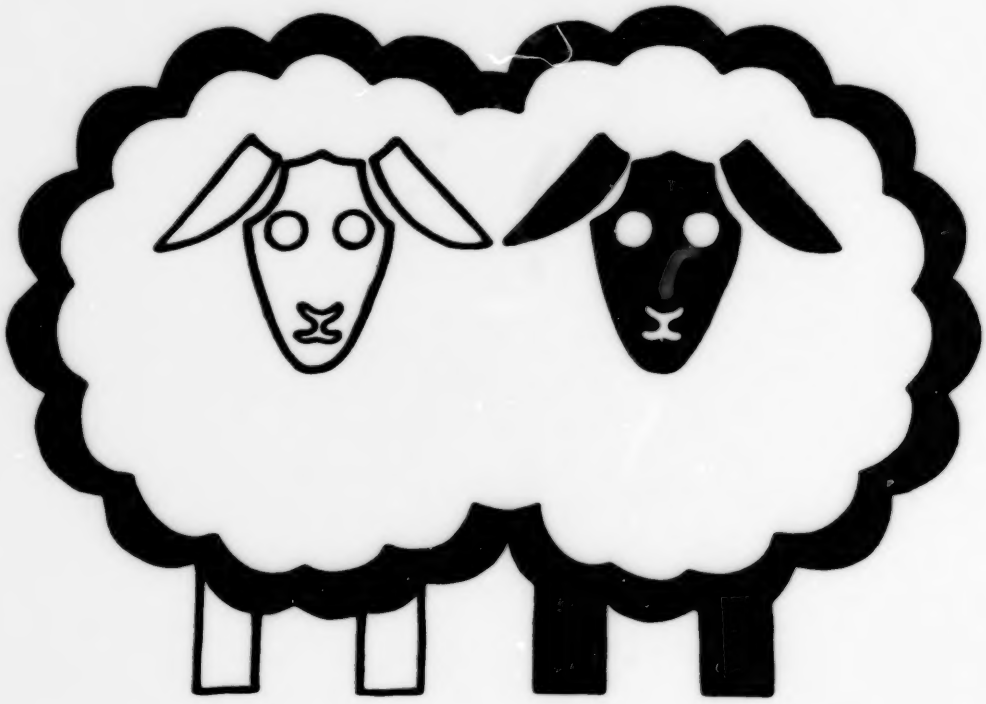
Saskatchewan Sheep and Wool Marketing Commission



1985 Annual Report

His Honour Frederick W. Johnson
Lieutenant Governor
Province of Saskatchewan

Sir:

I have the honour to transmit herewith the Twelfth Annual Report of the Saskatchewan Sheep and Wool Marketing Commission for the fiscal year ended December 31st, 1985.

Respectfully submitted,

Grant Devine
Minister of Agriculture

The Honourable Grant Devine
Minister of Agriculture
Legislature of Saskatchewan
REGINA, Saskatchewan
S4S 0B3

Dear Mr. Devine:

Presented herewith is the Twelfth Annual Report of the Saskatchewan Sheep and Wool Marketing Commission for the fiscal year ended December 31st, 1985.

Respectfully submitted,

Dale Donald

Dale Donald, Chairman
Saskatchewan Sheep and Wool
Marketing Commission

CHAIRMAN'S REPORT - 1985

This year has been encouraging for the Sheep Industry. Prices were considerably better for both lambs and sheep. In spite of the better prices, marketings are down, which indicates producers are rebuilding their flocks. The provincial sheep flocks were heavily culled and reduced in the past lean years.

Unfortunately this renewed interest and production is threatened by the beginning of fresh lamb imports from Australia and New Zealand in the last few months. This fresh lamb is being flown to Canada and still offered at a large discount as compared to Canadian lamb. These imports have already depressed prices and reduced the volume processed through Lambco.

The United States has placed a countervail tariff on this product of 19 cents U.S. The Canadian Sheep Industry is attempting to establish a case for similar protection in Canada.

The sheep stabilization plan (Tripartite) should be signed in the near future. The Commission is preparing to implement the registration of producers for stabilization. Producers should be able to plan and invest in a sheep enterprise with some assurance that stabilization will ease the impact of price declines.

An irrigated sheep pasture experiment under the E.R.D.A. program will begin in the coming year. This should demonstrate how efficiently sheep can be pastured under irrigation and the possibilities for predator control with electric fencing.

A study is to be done to determine the size of the lamb markets in Saskatoon and Regina, and whether it is feasable to process lamb locally to supply this market.

There is good potential for growth in this industry, creating many new jobs, providing it is not swamped with very low priced imports.

Dale Donald

Dale Donald, Chairman
SASK. SHEEP & WOOL MARKETING
COMMISSION

The Saskatchewan Sheep and Wool Marketing Commission

The Directors of the Sheep and Wool Marketing Commission for 1985 were:

Dale Donald, Chairman	Rockhaven, Sask.
Colleen Sawyer, Vice-Chairman	Saskatoon, Sask.
Leslie Flaig, Director	Tompkins, Sask.
Ed MacCallum, Director	Swift Current, Sask.
Donald Paterson, Director	Marsden, Sask.
Larry Sothmann, Director	Elrose, Sask.
Jim Koal, General Manager	Saskatoon, Sask.
Sandra Honoroski, Secretary	Saskatoon, Sask.

The following provides a summary of the marketings of the Sheep and Wool Commission in 1985, as compared with 1984 and 1983:

	1985	1984	1983
No. of Lambs Marketed	9,249	12,967	12,727
Average Gross Value per Head	$ 79.96	$ 66.42	$ 63.37
Average Selling Cost per Head	$ 5.53	$ 5.41	$ 4.71
No. of Sheep Marketed	1,601	2,605	2,673
Average Gross Value per Head	$ 37.27	$ 27.67	$ 34.51
Average Selling Cost per Head	$ 5.88	$ 5.62	$ 5.38
Total No. of Sheep & Lambs Marketed	10,850	15,572	15,400
Total Gross Value	$799,176	$933,358	$898,823
Total Selling Cost	$ 60,569	$ 84,847	$ 87,046
Average Selling Cost per Head	$ 5.58	$ 5.44	$ 5.65

Lamb Marketing

1985 has been a discouraging year in relation to numbers of animals marketed. What is interesting is that although numbers are down, we are marketing on behalf of more producers.

There have been two of the biggest flocks in Saskatchewan disappear from production. In both cases this has had nothing to do with a desire to specifically get out of sheep production. The one case was simply the disbandenment of an old time family operation. The other case was one of becoming more directional to beef enterprise with a reduced labor load.

The fact is that the current economic times and specifically farming conditions, have taken their toll on the sheep industry. The case of reducing numbers is very obvious during current times.

One other significant factor in numbers marketed is the pending tripartite plan. A number of producers have held back their ewe lambs either to expand their own flock or in some cases to hopefully take advantage of an expected demand for breeding stock.

More specifically in relation to actual marketings, the Commission has moved almost no lambs to Lambco in 1985. This is a very different situation. Although Lambco has set the price, they have incurred a great deal of pressure in the area of sales to retail buyers, especially in Eastern Canada. By mid summer an increased flow of Australian fresh lamb started coming into Canada destroying Lambco's volume sales in the area of "Features". Once New Zealand realized that Australia was doing this they very quickly backed off their gentlemen's agreement with Canada Sheep Council to stay out with fresh lamb, and they also became very agressive in this area of lamb marketing. This is a problem that has escalated as the year continued. The result has been that Lambco in fact has not been agressive in buying lambs especially outside of the provinces.

In spite of these problems prices remained strong throughout summer and fall, but did not recover to last years' high at year end.

Sheepman's Supplies

Sales of Sheepman's supplies continue to be low, firstly due to the fact that a large percentage of the producers made their initial purchases when the Commission started handling supplies. Secondly, sales are down also due to the economic times. This is very discouraging in that revenue from these sales helps to offset the Commission's costs of operation

With the prospects looking up with Tripartite it is hoped that the new growth will swing the stockmen's sales into a positive direction also.

AVERAGE MONTHLY PRICE AND WEIGHT OBTAINED BY

SASKATCHEWAN SHEEP AND WOOL MARKETING COMMISSION DURING 1985

F E E D E R L A M B S

	No. of Head	Ave. Wt. (lbs.)	Net Value CWT	Net Value Head
JANUARY	17	75.5	73.59	55.58
FEBRUARY	-	-	-	-
MARCH	14	60.7	70.03	42.52
APRIL	-	-	-	-
MAY	-	-	-	-
JUNE	-	-	-	-
JULY	-	-	-	-
AUGUST	-	-	-	-
SEPTEMBER	24	75.4	76.04	57.35
OCTOBER	21	71.0	76.72	54.44
NOVEMBER	116	73.6	82.09	60.44
DECEMBER	235	73.8	76.51	56.46
TOTAL	427	73.3	77.72	57.00

L I G H T L A M B S

	No. of Head	Ave. Wt. (lbs.)	Net Value CWT	Net Value Head
JANUARY	-	-	-	-
FEBRUARY	157	64.3	69.67	44.78
MARCH	245	65.0	69.82	45.40
APRIL	-	-	-	-
MAY	-	-	-	-
JUNE	-	-	-	-
JULY	-	-	-	-
AUGUST	-	-	-	-
SEPTEMBER	13	73.8	67.76	50.04
OCTOBER	-	-	-	-
NOVEMBER	-	-	-	-
DECEMBER	-	-	-	-
TOTAL	415	65.0	79.69	45.31

AVERAGE MONTHLY PRICE AND WEIGHT OBTAINED BY

SASKATCHEWAN SHEEP AND WOOL MARKETING COMMISSION DURING 1985

S H E E P

	No. of Head	Ave. Wt. (lbs.)	Net Value CWT	Net Value Head
JANUARY	112	120.5	27.99	33.72
FEBRUARY	137	125.1	24.17	30.25
MARCH	92	141.0	21.95	30.95
APRIL	108	138.6	18.88	26.17
MAY	55	112.5	18.47	20.79
JUNE	166	124.0	19.40	24.06
JULY	277	136.8	19.59	26.81
AUGUST	156	138.5	19.98	27.67
SEPTEMBER	131	123.5	20.93	25.84
OCTOBER	135	154.6	36.52	56.46
NOVEMBER	71	156.6	22.36	35.03
DECEMBER	161	163.9	23.81	39.02
TOTAL	1601	137.0	22.91	31.39

H E A V Y L A M B S

	No. of Head	Ave. Wt. (lbs.)	Net Value CWT	Net Value Head
JANUARY	975	100.4	77.91	78.24
FEBRUARY	699	95.5	81.27	77.62
MARCH	710	94.5	80.84	76.40
APRIL	275	97.0	80.92	78.49
MAY	217	97.1	85.04	82.61
JUNE	489	93.8	84.89	79.60
JULY	1184	97.3	80.51	78.36
AUGUST	1174	95.3	78.96	75.27
SEPTEMBER	652	96.4	79.21	76.40
OCTOBER	1079	98.7	76.61	75.65
NOVEMBER	507	98.7	72.41	71.45
DECEMBER	446	99.2	75.03	74.44
TOTAL	8407	97.1	79.05	76.75

SASKATCHEWAN SHEEP AND WOOL MARKETING COMMISSION

FINANCIAL STATEMENTS

Year Ended December 31, 1985

OFFICE OF THE PROVINCIAL AUDITOR

REGINA, SASKATCHEWAN

AUDITOR'S REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

I have examined the balance sheet of the Saskatchewan Sheep and Wool Marketing Commission as at December 31, 1985 and the statements of revenue, expenditure and retained earnings and changes in cash resources for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at December 31, 1985 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting applied on a basis consistent with that of the preceding year.

Regina, Saskatchewan,
February 14, 1986.

W.G. Lutz, F.C.A.,
Provincial Auditor.

Statement 1

SASKATCHEWAN SHEEP AND WOOL MARKETING COMMISSION

BALANCE SHEET

As at December 31

	1985	1984
ASSETS		
Current		
Cash	$10,571	$17,440
Term deposit	25,000	30,000
Accounts receivable	382	1,496
Inventories	6,716	7,692
Prepaid expense	1,480	1,312
	44,149	57,940
Furniture and equipment	7,577	9,060
	$51,726	$67,000
LIABILITIES AND EQUITY		
Current		
Accounts payable	$ 2,494	$ 2,407
Equity		
Retained earnings - Statement 2	41,655	55,533
Fixed assets	7,577	9,060
	49,232	64,593
	$51,726	$67,000

(See accompanying notes)

Statement 2

SASKATCHEWAN SHEEP AND WOOL MARKETING COMMISSION

STATEMENT OF REVENUE, EXPENDITURE AND RETAINED EARNINGS

For the Year Ended December 31

	1985	1984
Revenue		
Province of Saskatchewan grant - Administration	$ 47,500	$ 47,500
Check-off fees	21,092	24,970
Sale of sheepman's supplies	11,436	12,580
Other	5,520	10,323
Wool handling commission (net of expenses)	117	746
	85,665	96,119
Expenditure		
Salaries and benefits	59,451	60,835
General	31,505	33,003
Cost of sales - sheepman's supplies (Note 3)	8,587	9,202
Other	-	271
	99,543	103,311
Excess of expenditure over revenue	(13,878)	(7,192)
Retained earnings, beginning of year	55,533	62,725
Retained earnings, end of year - Statement 1	$ 41,655	$ 55,533

(See accompanying notes)

Statement 3

SASKATCHEWAN SHEEP AND WOOL MARKETING COMMISSION

STATEMENT OF CHANGES IN CASH RESOURCES

Year Ended December 31

	1985	1984
Cash provided by (used in):		
Operating Activities		
Excess of expenditure over revenues	$(13,878)	$ (7,192)
Net change in non-cash working capital items:		
Decrease in accounts receivable	1,114	11,056
Decrease in inventory	976	1,682
Decrease (increase) in prepaid expenses	(168)	357
Increase in accounts payable	87	325
	2,009	13,420
Net increase (decrease) in cash and term deposits	$(11,869)	$ 6,228
Cash and term deposits, beginning of year	47,440	41,212
Cash and term deposits, end of year	$ 35,571	$ 47,440

(See accompanying notes)

SASKATCHEWAN SHEEP AND WOOL MARKETING COMMISSION

NOTES TO FINANCIAL STATEMENTS

December 31, 1985

1. Accounting Policies

   i) Fixed asset purchases are charged as an expense against operations in the year of purchase and are therefore not depreciated. To maintain accountability for fixed assets it is necessary to record them as a balance sheet asset with a corresponding offset to the equity account.

   ii) Inventory is valued at the lower of cost and net realizable value.

2. Status of the Commission

   The Commission was established by Order-in-Council 1534/74 and is continued under Section 38 of the Natural Products Marketing Act. The Commission was created to provide for the promotion, control, and regulation of the marketing of sheep and wool within the Province of Saskatchewan.

3. Cost of Sales - Sheepman's Supplies

	1985	1984
Beginning inventory, January 1	$ 7,692	$ 9,374
Purchases for the year	7,611	7,520
	15,303	16,894
Less: Ending inventory, December 31	6,716	7,692
Cost of sales	$ 8,587	$ 9,202

4. Commissioners' and Manager's Renumeration

   During 1985 the Commissioners of the Commission received $4,975 in renumeration (1984 - $3,910). Management of the Commission in 1985 received $32,000 in renumeration (1984 - $31,500).